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Tax Features

Foundation Announces Tax Freedom Day To Be May 5th in 1992

Date Shows Taxes Highest Ever

Nineteen ninety-two's Tax Freedom Day is May 5, four days later than in 1991, according to the Tax Foundation's annual computation of the nation's tax burden. "While most people look at April 15, the federal government's tax return filing deadline, as the day to wash their hands of the tax collector, they are mistaken," said Dan Witt, executive director of the Tax Foundation, at a press conference in Washington, DC, to release the Foundation's study, *Special Report: Tax Freedom Day 1992 Is May 5*. "In reality, the average American has to work another 20 days,

See Tax Freedom Day on page 3

▲ *Tax Foundation Executive Director Dan Witt announces 1992's Tax Freedom Day.*

▼ *Reporters assemble on April 15th for the release of the Foundation's Tax Freedom Day Special Report.*

FRONT BURNER

Taxing and Spending - A Circular Path to Disaster

Rep. Nancy Johnson

Tax Freedom Day's occurrence on May 5th, the latest date ever, mirrors the seemingly inexorable encroachment of higher taxes and government spending on the paycheck of the average American worker.

Even worse for taxpayers in my home state of Connecticut, our state-specific Tax Freedom Day is May 19th, second highest in the country and seven days later than last year. This is largely due to last year's enactment of a broad-based state income tax. After decades of relying on sales taxes and levies on capital gains and business income, this is a terrific blow to working people, will almost certainly prolong the recession, and fails to attack the root cause of the problem.

The root cause has been years of unjustifiable spending increases. Between 1974 and 1984, state spending rose an astounding 150 percent; in 1988-89, the trend continued with a 16 percent increase; in fiscal year 1989-90, the increase was "merely" 8.5 percent, or $547 million. Spending increases like these were indefensible when many working people were not receiving even a cost-of-living increase in pay. Now, with thousands losing their jobs and a nearly nine percent real increase in spending in the latest state budget, a 4.5 percent income tax rate — which cuts into individual spending — is unfair and destructive.

As over-spending was the cause of our state's budget problems, what we needed to do in the last budget cycle was to lower the spending base and rein in spending growth. Unfortunately, neither was accomplished, and I know from experience that this will keep us on

See Johnson on page 2

Nancy Johnson is a Republican Member of Congress from the Sixth Congressional District of Connecticut and serves on the House Committee on Ways and Means.

The opinions expressed in the Front Burner are not necessarily those of the Tax Foundation. Editorial replies are encouraged.

Tax Foundation

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Johnson from page 1

the circular path to disaster: new taxes bringing in new revenue to fuel new spending. Add a bunch of zeroes to the numbers in this scenario and you see the scope of the problem at the federal level.

Like most Americans, I believe that the imposition of new taxes is not the solution to our budget problems. Throughout my five terms in the House of Representatives, I have consistently opposed profligate federal spending and advocated cutting it or at least freezing it at current levels.

Even worse for taxpayers in my home state of Connecticut, our state-specific Tax Freedom Day is May 19th, second highest in the country and seven days later than last year. This is largely due to last year's enactment of a broad-based state income tax.

I am one of the few Members to propose concrete alternatives to the business-as-usual budget plans offered by the House majority leadership, including specific amendments to reduce appropriations (spending) bills to cut out unnecessary projects. Though our successes have been modest, the constant pressure of the bipartisan group I work with has limited growth in so-called discretionary spending. In the 1980s, this relatively modest growth was compromised by overly generous increases in defense spending and remarkable growth in entitlements. Between 1991 and 1992, for example, Medicare spending increased from $102 billion to $116 billion, and Medicaid rose a whopping 40 percent, from $52.5 billion to $72.5 billion.

We must strive for potential budget improvements such as cuts in agriculture subsidies, continued closing of outdated military bases, and reformation of the defense procurement process, but these would make only a small dent in the budget. The real challenge lies in slowing the rapid growth of hundreds of government's "entitlement" programs — automatic, inflation-adjusted payments from the government based on eligibility, not on need. These "mandatory" programs, plus interest on the debt, now account for over $980 billion in annual federal commitments and are projected to grow at an average rate of 7.2 percent annually over the next five years.

According to the Office of Management and Budget, this uncontrolled spending now adds up to 64.4 percent of the budget. Just 30 years ago, the figure was 23 percent -- clearly, something has to be done. The announced retirement of a straight-talking ally, Senator Warren Rudman (R-NH), makes the task of doing something about entitlements even more formidable.

As President Bush highlighted in his FY1993 budget submission to Congress, deposit insurance responsibilities are adding to the short-term deficit, but the real killer is lurking in the rapid growth of mandatory programs that are appropriately called "uncontrollable." Out-of-control is more like it.

Two other issues deeply concern me: the unwillingness of congressional leadership to embrace an economic growth package this year, and the possibility that next year's appointments to fill a record number of vacancies on the tax-writing Ways and Means Committee could put thoughtful tax policy debate in 1993 in jeopardy.

The real challenge lies in slowing the rapid growth of hundreds of government's "entitlement" programs — automatic, inflation-adjusted payments from the government based on eligibility, not on need. ... The announced retirement of a straight-talking ally, Senator Warren Rudman (R-NH), makes the task even more formidable.

I was an early, strong voice for an economic recovery package to create jobs and effectively kick-start the economy in a short period of time. Thus, it was very disappointing to watch the congressional leadership trash the President's efforts to revive a moribund economy with a straightforward package of short-term incentives. They were intent on producing a purely political document and that is exactly what we got. Thankfully, the President vetoed the 600-page turkey on the spot.

Turnover at the Ways & Means Committee does not occur very often and I am urging every audience I address to pay close attention and to press for the appointment of men and women who will not use tax policy to drive federal spending even higher.

Through judicious use of the tax code and without creating a costly new bureaucracy, there are several things we could do right now to boost the economy:

- a tax credit for first-time home buyers;
- changes in the passive loss rules for real estate;
- business incentives to buy machinery, equipment, and vehicles;
- relaxation of IRA withdrawal rules for first-time home purchases, college tuition, and medical emergencies; and
- permanent extension of expiring provisions like the low-income housing tax credit and the tax exemption for mortgage revenue bonds.

Regarding the composition of the Ways and Means Committee, at least one quarter of the committee membership will be leaving at the end of the 102nd Congress, to be replaced by Members selected by the parties' leadership early in 1993. Such turnover does not occur very often and I am urging every audience I address to pay close attention to this process and to press for the appointment of men and women who will not use tax policy to drive federal spending even higher.

As Tax Freedom Day slips further and further down the calendar, I am optimistic that, in the long term, the American people, through their elected representatives at all levels of government ,will get this country back on track and make her greater than ever. ■

VIEWPOINT

Single-Entry Revenue Estimating

Neil Wissing
Vice President & Director of Taxes
Weyerbaeuser Company

As financial record keeping evolved, accountants recognized that a double-entry system of accounts was essential to reflect properly the activities of complex enterprises. It is unfortunate that a similar level of sophistication is not applied to the Federal revenue estimating process. While Congressional and Administration revenue estimators deny limiting their calculations to "static" effects, the practicalities are that they consider, at the most, only direct "feedback" effects of tax proposals while ignoring the significant "macro" impacts.

Proposals to reinstate the Investment Tax Credit (ITC) are illustrative of the misleading impressions which can emanate from this flawed process. Enthusiasm for an ITC restoration is predicated on its ability to stimulate increased economic activity and create jobs quickly. Yet the ITC is "scored" as a revenue loss — a loss which the business sector presumably is expected to make up under "revenue neutrality" constraints. The offsetting economic growth leg of the equation is apparently buried somewhere in the budget's economic assumptions (or under "baseline budgeting," is not reflected at all once the budget is initiated).

This failure to highlight and display the "cause and effect" of a revenue proposal as part of the legislative function is essentially single-entry bookkeeping on a grand scale. It has also become the institutionalized process underlying the flawed decision making which often results from the absence of valid data.

Precisely the same analytical failure occurs in revenue estimates related to the endless tax impediments placed in the path of U.S. multinationals seeking to compete in the global marketplace. Repeal or modification of some of these widely recognized inhibitors to competitiveness is forestalled by Treasury and JCT estimates of potential "revenue losses." Yet neither of these agencies score the Treasury revenues lost as a consequence of the diminished and inefficient business activities of U.S. corporations whose operational and financial processes have been modified to accommodate U.S. tax rules.

The existing revenue estimating system, together with its "black box" syndrome, deserves a prompt burial. Surely the Congress and the Administration merit a modern and dynamic data system — one which incorporates external "macro" models — in which both tax decision makers and taxpayers can have a significantly higher level of confidence.

The existing revenue estimating system, together with its "black box" syndrome, deserves a prompt burial. Surely the Congress and the Administration merit a modern and dynamic data system — one which incorporates external "macro" models — in which both tax decision makers and taxpayers can have a significantly higher level of confidence.

Tax Freedom Day from page 1

until May 5, to be free of all federal, state, and local taxes."

Tax Freedom Day is the day in the year when the average taxpayer's 1992 federal, state, and local tax obligations would be satisfied if all earnings from January 1 to that date went to the tax collector.

The four-day jump in Tax Freedom Day is a result of the following factors:

- The recession has caused a sharp slowdown in individuals' income growth.
- Federal tax increases: $164 billion in new federal taxes over 5 years due to the Omnibus Budget Reconciliation Act of 1990; and
- A record-setting year for state tax increases ($17 billion legislated for 1992).

The 1992 date of May 5 is actually four days later than the 1991 date of May 2 due to the effect of leap year, which causes Tax Freedom Day to fall a calendar day earlier. It should be noted that the historic dates shown in table 1 on page 5 have been revised from previous releases due to comprehensive revisions in the basic tax and income data used in the computation of Tax Freedom Day.

Tax Foundation Director of Fiscal Affairs Paul G. Merski, author of the Tax Freedom Day Special Report, fields a question at the press conference.

Freedom from Every Tax

The total tax burden amounts to 126 days of work for the average American to support government at all levels. New this year in the Tax Freedom Day study is a breakdown of these 126 days by type of tax. (See figure 1 and the accompanying table.)

For most Americans, income taxes at both the state and federal levels contribute the most to the long wait for Tax Freedom Day. They take the average

See Tax Freedom Day on page 4

Tax Freedom Day from page 3

American over 6 weeks to pay. Additionally, the growing burden of Social Security taxes will have the average person working more than five weeks. Because these taxes are withheld by the government, taxpayers are reminded with each paycheck just how large they are. What

Executive Director Dan Witt points out that 1992's Tax Freedom Day , May 5th, is the latest on record.

many taxpayers may not realize is that the sales and excise taxes they routinely pay will consume more than two weeks' additional pay.

The Recession's Role

Throughout 1991 and into 1992, the lingering recession has significantly lowered personal income growth and personal consumption expenditures, resulting in income and sales tax revenues well below expectations. Similarly, a sharp reduction in corporate profits reduced individuals' shares of corporate earnings and tax liabilities. However, record tax increases enacted under the Omnibus Budget Reconciliation Act of 1990, combined with record state tax increases and a recovering economy, will cause tax revenues to surge in 1992. Slower income growth combined with these federal and state tax increases are largely responsible for the 4 extra workdays needed to reach this year's May 5, 1992 Tax Freedom Day.

Tax Freedom Day Perspective

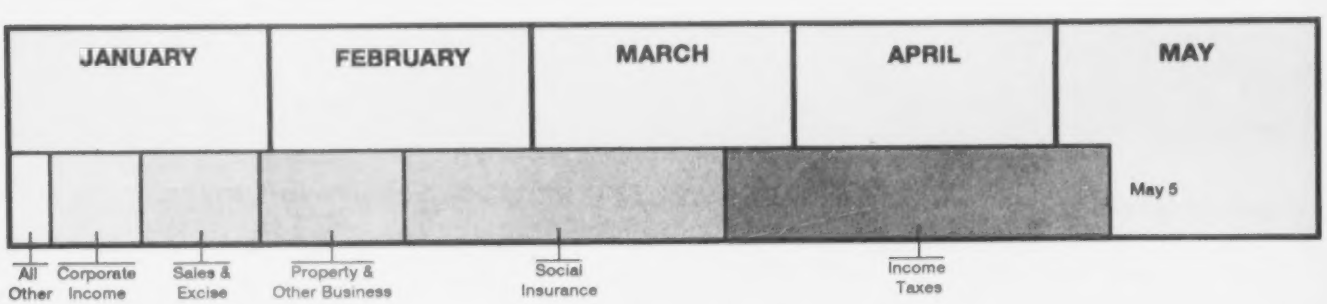
The Tax Freedom Day methodology is designed to present an accurate and easily understandable description of the impact that government taxation has on the U.S. economy and on the individual taxpayer. As shown in table 1, the number of workdays required to reach that date has increased throughout the years. Improvements have rarely lasted more than one or two years, and usually have been due to economic conditions rather than policy changes.

However, some notable attempts have been made to halt the trend of increasing tax burdens. The most recent attempt to change the direction of federal taxation was in 1981, when the Economic Recovery Tax Act of 1981 (ERTA) managed to move Tax Freedom Day back into April for three years, 1983 through 1985. Since then, however, a succession of sixteen tax bills has finally managed to erase any relief resulting from ERTA.

Paul Merski uses the Tax Bite in the Eight-Hour Day to sketch how the typical American taxpayer spends what's left after working 2 hours and 45 minutes every day to pay taxes.

State and local tax burdens fell for a time, after California's Proposition 13 started a wave of tax limitation measures around the country. Beginning in 1981, however, state and local revenues began to rise again, and only the onset of a recession prevented 1991 from having the latest state Tax Freedom Day ever. Current estimates of growth in government revenues indicate that Tax Freedom Day will most likely fall even later in future years. ■

Figure 1
Tax Freedom Day by Type of Tax
Calendar Year 1992



Tax Freedom Day by Type of Tax
Calendar Year 1992

Income Taxes	Social Insurance	Sales & Excise	Property & Other Business	Corporate Income	All Other
Feb 12	Feb 8	Jan 17	Jan 15	Jan 9	Jan 3

Table 1
Tax Freedom Day and
Tax Bite in the 8-Hour Day
Selected Calendar Years 1929-1992

Year	Tax Freedom Day	Tax Bite in the 8-Hour Day (Hours:Mins)
1929	February 9	:52
1931	February 15	1:00
1933	March 5	1:24
1935	March 1	1:17
1937	March 6	1:24
1939	March 6	1:24
1940*	March 8	1:29
1941	March 17	1:40
1942	March 19	1:43
1943	April 6	2:06
1944*	March 30	1:58
1945	April 1	1:59
1946	March 31	1:57
1947	April 3	2:01
1948*	March 28	1:55
1949	March 24	1:48
1950	April 3	2:02
1951	April 10	2:11
1952*	April 10	2:12
1953	April 10	2:12
1954	April 6	2:05
1955	April 9	2:09
1956*	April 11	2:13
1957	April 13	2:14
1958	April 10	2:12
1959	April 13	2:15
1960*	April 16	2:20
1961	April 17	2:20
1962	April 17	2:20
1963	April 19	2:22
1964*	April 13	2:16
1965	April 14	2:16
1966	April 16	2:19
1967	April 18	2:22
1968*	April 24	2:30
1969	April 30	2:37
1970	April 26	2:32
1971	April 24	2:29
1972*	April 28	2:35
1973	April 29	2:35
1974	May 2	2:40
1975	April 27	2:33
1976*	April 29	2:37
1977	April 30	2:38
1978	April 30	2:37
1979	May 1	2:38
1980*	May 1	2:40
1981	May 5	2:44
1982	May 3	2:42
1983	April 30	2:38
1984*	April 28	2:36
1985	April 30	2:38
1986	May 1	2:38
1987	May 4	2:42
1988*	May 1	2:40
1989	May 4	2:42
1990	May 3	2:41
1991	May 2	2:41
1992*	May 5	2:45

Source: Tax Foundation
* Leap year makes Tax Freedom Day appear a calendar day earlier.

Tax Bite in the Eight-Hour Day Reaches 2 Hours, 45 Minutes in 1992

The Tax Freedom Day methodology provides another graphic way to express the tax burden's effect on the average worker's paycheck: the Tax Bite in the Eight-Hour Day.

In 1992, Tax Foundation analysts estimate that the average worker will spend 2 hours and 45 minutes of an 8-hour day working to satisfy federal, state, and local tax collectors — 4 minutes more than in 1991. One hour and 46 minutes of each day will go towards federal taxes, while 59 minutes will be devoted to state and local taxes.

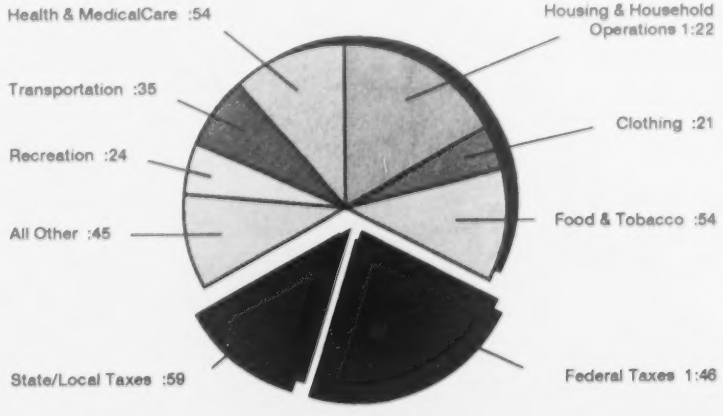
With 1992's record-setting chunk of the day spent working for the tax collector, the average worker has less to spend on other budget items. The largest portion of what is left is spent on housing and household operations: 1 hour and 22 minutes. See figure below for more details on the average worker's expenditures, and the table for state-specific Tax Bites and the breakdown between federal and state/local impact.

Tax Bite in the Eight-Hour Day by State
Calendar Year 1992

	Hours:Minutes		
	Total Taxes	Federal Taxes	State/Local Taxes
U.S. Total	2:45	1:46	:59
Alabama	2:25	1:38	:48
Alaska	2:47	1:37	1:10
Arizona	2:48	1:42	1:06
Arkansas	2:29	1:39	:50
California	2:49	1:46	1:03
Colorado	2:36	1:42	:54
Connecticut	3:04	1:59	1:04
Delaware	2:57	2:01	:56
Florida	2:33	1:43	:50
Georgia	2:41	1:42	:59
Hawaii	2:46	1:41	1:05
Idaho	2:29	1:34	:55
Illinois	2:47	1:50	:57
Indiana	2:32	1:42	:50
Iowa	2:32	1:37	:55
Kansas	2:36	1:45	:52
Kentucky	2:30	1:37	:53
Louisiana	2:39	1:40	:59
Maine	2:39	1:36	1:04
Maryland	2:43	1:47	:56
Massachusetts	2:45	1:49	:56
Michigan	2:47	1:49	:58
Minnesota	2:51	1:46	1:05
Mississippi	2:25	1:33	:52
Missouri	2:29	1:42	:47
Montana	2:39	1:38	1:02
Nebraska	2:32	1:39	:53
Nevada	2:43	1:45	:58
New Hampshire	2:35	1:49	:46
New Jersey	2:49	1:55	:54
New Mexico	2:42	1:39	1:03
New York	3:09	1:49	1:19
North Carolina	2:37	1:41	:56
North Dakota	2:30	1:39	:51
Ohio	2:41	1:46	:55
Oklahoma	2:34	1:42	:52
Oregon	2:44	1:43	1:01
Pennsylvania	2:46	1:47	:59
Rhode Island	2:51	1:50	1:00
South Carolina	2:30	1:36	:54
South Dakota	2:16	1:32	:44
Tennessee	2:30	1:44	:46
Texas	2:39	1:46	:53
Utah	2:33	1:35	:57
Vermont	2:44	1:42	1:02
Virginia	2:34	1:43	:51
Washington	2:46	1:46	1:01
West Virginia	2:42	1:38	1:04
Wisconsin	2:45	1:43	1:02
Wyoming	2:41	1:42	:59
Exhibit: DC	3:15	1:48	1:27

Source: Tax Foundation.

Tax Bite in the Eight-Hour Day
Calendar Year 1992



State-Level Tax Freedom Days Range from April 13 to May 23

To bring Tax Freedom Day closer to home, the Tax Foundation has expanded its Tax Freedom Day study to calculate a specific Tax Freedom Day for each state and the District of Columbia.

The state-by-state calculations are derived from state-specific income data and geographically accurate tax collection data. They yield a more accurate estimate of the tax burden for taxpayers within each state and provide some basis for comparing state tax burdens.

The Heaviest Tax Burdens

For 1992, New York continues in the unenviable position of having the latest Tax Freedom Day in the country (see table 2). Its taxpayers will work until May 23rd before their tax bills are satisfied. The new date is 3 days later than 1991 and 18 days later than the national average. The following list identifies the 10 states that have the latest Tax Freedom Days:

State	Tax Freedom Day	Rank
New York	May 23	1
Connecticut	May 19	2
Delaware	May 14	3
Minnesota	May 10	4
Rhode Island	May 10	5
New Jersey	May 8	6
California	May 8	7
Arizona	May 8	8
Alaska	May 7	9
Michigan	May 7	10

Recently, many of these states have had consistently low rates of income growth combined with annual tax increases. In particular, Arizona and Connecticut have experienced growth in tax revenues since 1988 on the order of 8 percent annually, while income growth has lagged behind at 4.5 to 5 percent. California, Connecticut, Delaware, and Rhode Island all enacted major tax increases in 1991, and are likely to remain in the top ten list in years to come.

The Low-Tax States

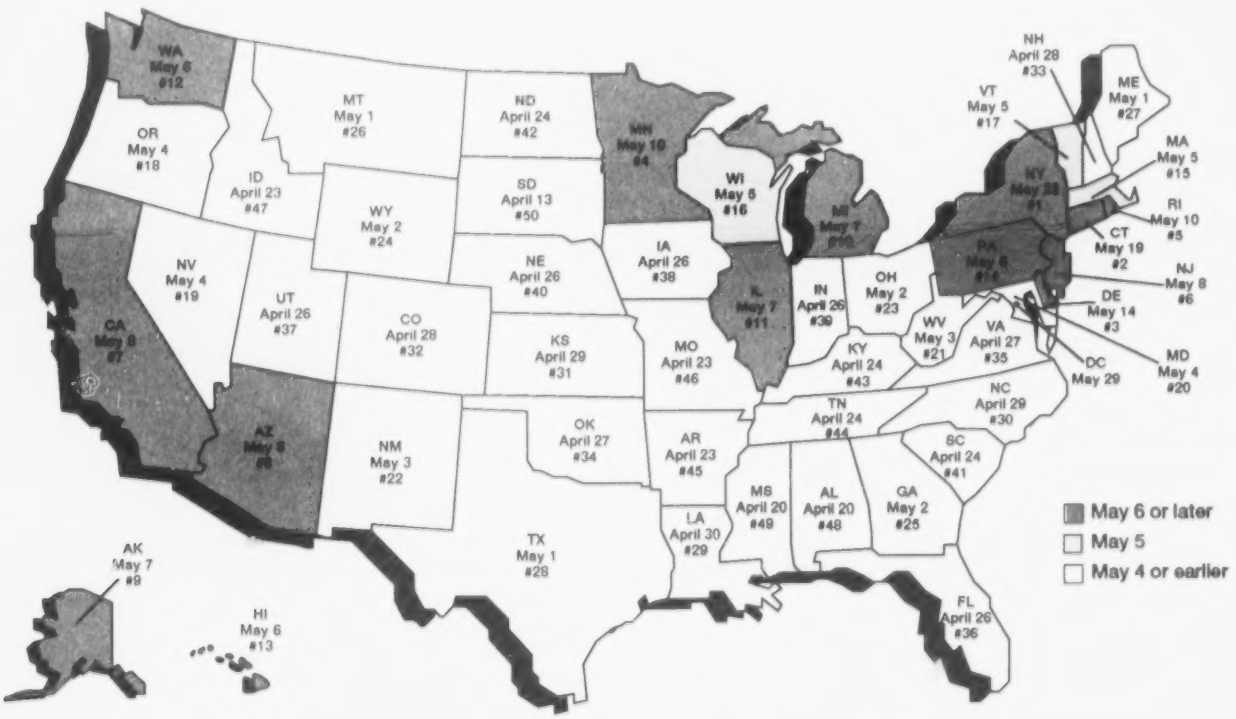
On the low-tax end, the residents of South Dakota and 9 other states, most of them in the Southeast, are all able to pay

Dan Witt explains the disparity in Tax Freedom Days from state to state.

off the tax collectors by April 24 — eleven or more days earlier than the national average.

See State Tax Freedom Days on page 7

Tax Freedom Day by State
Calendar 1992



Source: Tax Foundation

State Tax Freedom Days from page 6

State	Tax Freedom Day	Rank
South Dakota	Apr 13	50
Mississippi	Apr 20	49
Alabama	Apr 20	48
Idaho	Apr 23	47
Missouri	Apr 23	46
Arkansas	Apr 23	45
Tennessee	Apr 24	44
Kentucky	Apr 24	43
North Dakota	Apr 24	42
South Carolina	Apr 24	41

See map and table below for more details. ■

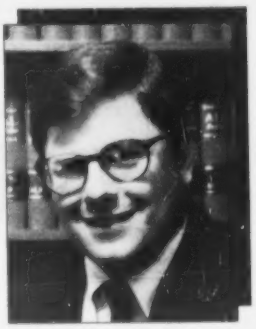
Tax Freedom Day by State
Calendar Years 1991-1992

	Tax Freedom Day 1991	Tax Freedom Day 1992	Change from 1991 to 1992
U.S. Total	May 2	May 5	3
Alabama	Apr 19	Apr 20	1
Alaska	May 6	May 7	1
Arizona	May 5	May 8	3
Arkansas	Apr 20	Apr 23	3
California	May 3	May 8	5
Colorado	Apr 28	Apr 28	0
Connecticut	May 12	May 19	7
Delaware	May 12	May 14	2
Florida	Apr 27	Apr 26	-1
Georgia	Apr 30	May 2	2
Hawaii	May 7	May 6	-1
Idaho	Apr 23	Apr 23	0
Illinois	May 4	May 7	3
Indiana	Apr 25	Apr 26	1
Iowa	Apr 27	Apr 26	-1
Kansas	Apr 29	Apr 29	0
Kentucky	Apr 23	Apr 24	1
Louisiana	Apr 28	Apr 30	2
Maine	Apr 27	May 1	4
Maryland	May 3	May 4	1
Massachusetts	May 3	May 5	2
Michigan	May 6	May 7	1
Minnesota	May 8	May 10	2
Mississippi	Apr 19	Apr 20	1
Missouri	Apr 22	Apr 23	1
Montana	May 1	May 1	0
Nebraska	Apr 26	Apr 26	0
Nevada	May 2	May 4	2
New Hampshire	Apr 24	Apr 28	4
New Jersey	May 6	May 8	2
New Mexico	May 2	May 3	1
New York	May 20	May 23	3
North Carolina	Apr 27	Apr 29	2
North Dakota	Apr 25	Apr 24	-1
Ohio	May 1	May 2	1
Oklahoma	Apr 26	Apr 27	1
Oregon	May 4	May 4	0
Pennsylvania	Apr 30	May 6	6
Rhode Island	May 6	May 10	4
South Carolina	Apr 24	Apr 24	0
South Dakota	Apr 16	Apr 13	-3
Tennessee	Apr 23	Apr 24	1
Texas	Apr 29	May 1	2
Utah	Apr 26	Apr 26	0
Vermont	May 2	May 5	3
Virginia	Apr 26	Apr 27	1
Washington	May 6	May 6	0
West Virginia	Apr 30	May 3	3
Wisconsin	May 4	May 5	1
Wyoming	May 3	May 2	-1
Exhibit: DC	May 20	May 29	9

Source: Tax Foundation

FOUNDATION MESSAGE

Tax Freedom Day – A Day to Celebrate After a Long Wait



Dan Witt
Executive Director

April 15th is the date Americans dread, and rightly so, as a day of reckoning when they wave a final farewell to all the tax money withheld from them the year before. Tax Freedom Day, which falls on May 5th this year — the latest date ever, is the Tax Foundation's attempt to give American taxpayers something to celebrate, and something to contemplate as well.

To celebrate for the obvious reason that government is finally paid off. All the money earned from Tax Freedom Day to the end of year can be thought of as duty-free (that is, if you've actually put aside every penny you've earned since January 1 to pay your taxes!).

Tax Freedom Day is a day to contemplate as well because it doesn't actually come every 365 days like the dreaded April 15th. The trend of higher and higher taxes has forced Tax Freedom Day later and later in the year, so that each year, we have a little longer than a year to wait.

For most Americans, income taxes at both the state and federal levels contribute the most to the long wait for Tax Freedom Day. Nationwide, income taxes take the average American over 6 weeks to pay. This year, the burden of income taxes is especially heavy in Connecticut, where a new broad-based 4.5 percent income tax was passed, and in Pennsylvania where the flat rate was raised from 2.1 percent to 3.1 percent.

While wage earners are reminded of their income and Social Security tax burdens on every paystub, what many taxpayers may not realize is how much they routinely pay in sales and excise taxes. Among the six states which hiked sales taxes for 1992, California led the pack by raising its rate from 4.75 percent to 6 percent. Cigarette taxes went from 13¢ to 31¢ per pack in Pennsylvania and from 13¢ to 30¢ in the District of Columbia, while the tax on alcoholic beverages went up in California and North Carolina. The extra nickels and dimes that consumers pay when buying a six-pack of beer, a pack of cigarettes, or any other product really do add up. Consumers will pay more than two weeks' worth of their annual pay in 1992 for these day-to-day taxes [see page 4].

While Tax Freedom Day provides an overall measure of the tax load on U.S. citizens nationwide, the actual burden that individuals must bear is determined to a large extent by the tax and economic climates in their own states and localities. To bring Tax Freedom Day closer to home, the Tax Foundation expanded its Tax Freedom Day study in 1990 to include the specific Tax Freedom Days for each state and the District of Columbia.

For 1992, New York maintains the unenviable position of having the latest Tax Freedom Day in the country. Its taxpayers will work until May 23rd before their tax bills are satisfied, 3 days later than in 1991 and 18 days later than the national average. Connecticut has the second-highest tax burden — taxpayers there will work until May 19th, and Delaware's taxpayers will celebrate Tax Freedom Day on May 14th.

On the low-tax end, the residents of South Dakota and 9 other states, most of them in the Southeast, are all able to pay off the tax collectors by April 24 — eleven days earlier than the national average. Taxpayers in South Dakota will begin working for themselves a full 40 days earlier than New Yorkers, demonstrating that the differences in levels of taxation that prevail across the nation is dramatic.

Although the average American will work until May 5 to pay his tax bill, forfeiting over 34 percent of his income in 1992, the government will spend all that money and more. Tax Freedom Day does not reflect the estimated $400 billion in federal deficit spending for 1992. That will be felt through future tax increases and debt payments. Neither can the taxpayer look to the states with much hope for relief — most states have been responding to recessionary revenue levels by raising taxes, so there is little hope for an earlier Tax Freedom Day in the near future.

Foundation Holds Seminar to Analyze Connecticut Tax Policy

Connecticut's fiscal crisis and the state's prospects for long-term growth were the subject of a Tax Foundation seminar in Stamford, Connecticut on March 31. Co-sponsors included the Southwestern Area Commerce & Industry Association of Connecticut, Inc. (SACIA); American Brands, Inc.; the Connecticut Policy & Economic Council; and the Connecticut Business & Industry Association (CBIA).

The speakers were: Edward J. Deak, Ph.D., Chairman, Department of Economics, Fairfield University; William J. Cibes, Jr., Secretary, Connecticut Executive Office of Policy and Management; Senator John B. Larson (D); President Pro Tempore, Connecticut General Assembly; Senator William H. Nickerson (R), Connecticut General Assembly; Eugene C. Gavin, Director of State & Local Taxes, Coopers & Lybrand; Nicholas S. Perna, Senior Vice President & Chief Economist, Connecticut National Bank; John Carson, President, Connecticut Policy & Economic Council; Christopher Bruhl, SACIA; Richard W. Genetelli, President, Genetelli & Associates; and Robert G. Gilbertson, Chairman, Special Projects, Data Switch Corporation.

The Foundation is sponsoring state tax policy programs around the country to share its findings with other states.

◀ *From left: Dan Witt, Executive Director, Tax Foundation; Edward J. Deak, Ph.D., Chairman, Department of Economics, Fairfield University; Robert G. Gilbertson, Chairman, Special Projects, Data Switch Corporation; Paul Merski, Director of Fiscal Affairs, Tax Foundation; and Nicholas S. Perna, Senior Vice President & Chief Economist, Connecticut National Bank.*

Robert G. Gilbertson, Chairman, Special Projects, Data Switch Corporation, speaks with Chris Bruhl of SACIA.

William J. Cibes, Jr., Secretary, Connecticut Executive Office of Policy and Management.

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